

Duchesne County
FINANCIAL STATEMENTS
Year-ended December 31, 2006

Duchesne County

FINANCIAL STATEMENTS

Year-ended December 31, 2006

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AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County as of and for the year ended December 31, 2006, which collectively comprise Duchesne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Duchesne County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007 on our consideration of Duchesne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the schedule of condition assessment for infrastructure (see table of contents) are not a required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Duchesne County's basic financial statements. The accompanying financial information listed as combining statements and schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Aycock, Miles & Associates, CPAs

June 25, 2007

Management's Discussion and Analysis

As management of the Duchesne County (the County), we offer readers of the County's financial statements this narrative overview and analysis of financial activities of the County for the fiscal year ended December 31, 2006.

Financial Highlights

- Assets exceeded liabilities at closest year-end: \$56,169,950 - \$8,260,654 = \$47,909,296. Of this amount, \$11,279,832 is unrestricted and available to meet the County's ongoing obligations.
- Net assets increased \$4,784,965.
- Fund balances increased \$717,939.
- Cash decreased \$1,192,452 from \$10,450,608 to \$9,258,156.
- The County's total assets of \$56,169,950 were 16.5% cash and savings.
- The County's long-term debt decreased \$1,053,643 from \$8,136,643 to \$7,083,000 at year-end.
- Long-term debt is projected to decrease about 8% next year, due to normal pay off.
- Current assets increased \$321,537 from \$13,197,483 to \$13,519,020.
- Current liabilities decreased \$964,797 from \$2,691,451 to \$1,726,654 (a 48% decrease in current portion of long-term debt).
- The current ratio (current assets/current liabilities) was 7.83 in 2006, 4.90 in 2005 and 7.90 in 2004.
- Current assets compared to total liabilities were 164% in 2006, 135% in 2005, and 147% in 2004—an indication that financial stability is being maintained.
- The 2006, 2005 and 2004 general fund unreserved balances of \$5,142,925, \$3,645,265, and \$2,930,467, respectively, were 51%, 41%, and 32% of general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector businesses.

The statement of net assets present information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general administration, tax collection, recording, surveying, library and fairgrounds, grants management, fire and emergency management, etc. The County has no business-type activities.

Governmental-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The County does not have any proprietary funds.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, debt service fund, solid waste fund and capital projects fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Fiduciary Funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds which report in a manner similar to the government-wide financial statements, only in more detail.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-37 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also contains combining statements which provide detail to support the aggregate of nonmajor fund information. Two component units are included in the financial statements. These two units have separately issued financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$47,909,296 at the close of the most recent fiscal year. The largest portion of the County's net assets were capital assets (equipment, land, and infrastructure) less related debt still outstanding at 74%. Assets restricted by law or contract for specific purposes were 3%. Unrestricted net assets which may be used to meet the government's ongoing obligations to citizens and creditors comprised 23%. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, we note that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Net Assets	Governmental Activities	
	2006	2005
Current and other assets	\$ 13,519,020	\$ 13,197,483
Non-current assets net of depreciation	42,650,930	39,701,299
Total assets	56,169,950	52,898,782
Current liabilities	1,726,654	2,691,451
Long-term liabilities	6,534,000	7,083,000
Total liabilities	8,260,654	9,774,451
Net assets:		
Invested in capital assets, net of related debt	35,431,519	31,384,766
Restricted	1,197,945	1,778,628
Unrestricted	11,279,832	9,960,937
Total net assets	\$ 47,909,296	\$ 43,124,331

The County's net assets increased \$4,784,965 during the current fiscal year. For the most part, ongoing revenues exceeded the operational expenses of the County. A ratio of current assets compared to total liabilities were 164% for 2006 and 135% for 2005. The next segment will outline the changes in net assets.

Government activities—Governmental activities increased the County's net assets by \$4,784,965, thereby accounting for 100% of the growth in total net assets. Key elements of this increase are as follows.

Change in Net Assets	Governmental Activities	
	2006	2005
Program revenues:		
Charges for services	\$ 4,192,334	\$ 3,996,234
Operating grants	2,589,756	2,015,061
Capital grants	1,787,118	2,041,868
General revenues:		
Taxes	7,825,443	6,454,365
Earnings on investments	446,673	311,120
Total revenues	16,841,324	14,818,648
Expenses:		
General government	2,829,982	2,771,221
Roads	1,439,741	1,914,607
Public safety	5,456,015	5,953,705
Health & sanitation	746,937	700,852
Culture & recreation	552,305	484,502
Community development	839,023	641,967
Interest & fees	192,356	453,270
Total expenses	12,056,359	12,920,124
Increase in net assets	\$ 4,784,965	\$ 1,898,524

Revenues from service charges and operating grants were larger than the previous year. General revenues from property taxes experienced a 21% increase. Tax revenue increases reflect an increase in the valuation of property across the County due to significant economic growth of the oilfield industry.

The current year brought higher expenses for many of the expense categories except for roads and public safety. Interest decreased substantially as a large amount of long term debt was paid off during the year. Other areas increased mainly from an increase in budget. The County uses these increases in net assets to pay for new equipment and debt service. The analysis of the government's funds includes capital outlay and debt service.

Financial Analysis of the Government's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,141,567, an increase of \$717,939 in comparison with the prior year. Of this total amount, the unreserved fund balance is \$5,881,602, the reserved balance is \$1,197,945, and the designated balance is \$5,062,020. Unreserved balances are available for spending at the government's discretion. Reserved balances are set aside for their grant or special revenue purposes. Specifically, \$633,063 is reserved for roads and \$386,643 for building construction. The designated balances have been earmarked by the Commission for certain purposes including \$636,411 for the landfill, \$3,373,152 for capital projects, and \$1,052,457 for debt service; however, the Commission is not bound by these purposes and can reallocate the funds back to the general fund.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,142,925, while total general fund balance was the same balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved general fund balance and total fund balance to total fund expenditures. The 2006 unreserved fund balance represents 51.3% of total general fund expenditures (includes operating transfers out). The 2005 unreserved fund balanced represented about 39.5%. As a result, the general fund has a slightly larger cushion of funds to meet budgeted expenses.

The fund balance of the County's general fund increased by \$1,497,660 during the current fiscal year. The general fund increased because various taxes and charges exceeded expenses for all departments.

The road fund has a total fund balance of \$633,063, a decrease of \$310,332 from the previous year.

The capital projects fund has a total fund balance \$3,759,795, a decrease of \$711,966. The Commission has designated this entire balance for capital outlay for the County. The capital projects fund receives its additions to fund balance largely through operating transfers from other funds, particularly the general fund.

Fund Budgetary Highlights

Some amendments were made to the funds' original budgets to cover deviations from projected expenses. The general fund budget was decreased \$400,000 or 4.1%. The road department did not change their budget and the solid waste department increased their budget by \$100,000.

Capital Asset and Debt Administration

Capital assets—The County's investment in capital assets for its governmental activities as of December 31, 2006 is \$42,514,519 (net of accumulated depreciation). These capital assets range from copiers to earthmovers, buildings, and infrastructure. Net capital assets increased \$2,949,631. Net capital assets increased because additions of \$4,621,473 were greater than depreciation and disposals of \$1,628,361. The road department increased roads and bridges by \$1,873,303. The Sheriff's department purchased a significant amount of vehicles but sold as surplus a similar balance. All other County departments had relatively small net asset changes to compared to the road department.

Net Capital Assets	Governmental Activities	
	2006	2005
Capital assets, net of depreciation	14,968,685	\$ 13,848,878
Land & infrastructure	27,545,834	25,672,531
Total	<u>\$ 42,514,519</u>	<u>\$ 39,521,409</u>

Long-term debt—The County decreased its long-term debt \$1,053,643 from \$8,136,643 to \$7,083,000. The County does not maintain a debt rating. State statutes limit the amount of general obligation bond debt and do not limit the amount of revenue bond debt. In either case, an election must be held although there are some exceptions to revenue bond issuance. The County had \$5,317,000 general obligation debt and \$1,766,000 revenue bond debt. For the 2007 year, the County expects to decrease its debt principal about \$549,000. For the five years following the 2007 year, the County will pay about \$560,000 each year in principal payments.

The County also has conduit debt of \$4,404,000. This conduit debt is debt in the name of the County on behalf of other entities who are responsible for the debt service. The County has elected to not report this conduit debt or its corresponding note receivables in the financial statements.

Economic Factors and Next Year's Budgets and Rates

Economic factors of Duchesne County have been on the rise recent years. Economic growth hinges on the success of oilfield operations which have been growing significantly due to an increase in crude oil prices. Taxable values of local and state assessed real property increased 36% and 20% during the years 2006 and 2005, respectively. The oilfield economy performed very well last year causing increases in property values.

General fund budget of \$10,781,230 for the 2007 year is 22% larger in total than the most recent year-end's actual expenditures of \$8,802,827. Budget increases were generally due to inflationary measures.

The County has budgeted for an increase in tax revenues due to overall growth of the tax base valuation. Because valuations are expected to increase in the County, the tax rates are still anticipated to fall slightly. The rates have dropped slightly for each of the last four years.

Modified Approach to Infrastructure Assets

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. Duchesne County has elected to not depreciate its infrastructure and therefore has adopted the modified approach. The modified approach requires a target condition and a condition assessment to be made at least every three years.

This is the third year that the County has published a condition assessment for its infrastructure. The County believes that the current conditions of its roads and bridges can be maintained with the approximate level of expenditures that occurred during the most recent year end.

The County maintains 398 miles of paved roads, 406 miles of gravel roads, 311 miles of dirt roads, and 66 bridges. The County has adopted a 1-5 scale (5 is best) for its roads and bridges. The assessed road conditions are slightly better than the County's target conditions. See condition assessment below for bridges and road miles.

2006 Year					
Condition (5 best)	Bridges under 20 ft	Bridges	Paved	Gravel	Dirt
1	-	-	23	-	120
2	1	-	40	14	126
3	3	14	116	165	66
4	8	9	97	94	-
5	5	26	123	133	-
Average Target	3.90	4.25	3.45	3.80	1.80
Average Assessment	4.00	4.24	3.64	3.85	1.83

2005 Year					
Condition (5 best)	Bridges under 20 ft.	Bridges	Paved	Gravel	Dirt
1	-	-	29	-	123
2	1	-	40	21	126
3	3	14	116	165	63
4	8	8	97	94	-
5	5	28	117	126	-
Average Target	3.90	4.25	3.45	3.80	1.80
Average Assessment	4.00	4.28	3.58	3.80	1.81

The average condition assessment has remained similar to the prior year. For the 2006 year, the County has been able to assess its bridges under 20 feet in length.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Duchesne County Clerk/Auditor, 734 N. County Street, Duchesne, Utah 84021.

Duchesne County
STATEMENT OF NET ASSETS
December 31, 2006

	Governmental Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,258,156	\$ 3,310,170
Receivables, net of allowances:		
Taxes or customer	2,587,378	17,494
Delinquent property taxes	336,210	-
Intergovernmental	1,210,557	809,496
Prepaid expenses	126,719	432
Total current assets	13,519,020	4,137,591
Non current assets:		
Capital assets, net of accumulated depreciation	14,968,685	2,320,435
Land & infrastructure	27,545,834	155,601
Investment in joint venture	136,411	-
Total noncurrent assets	42,650,930	2,476,036
Total Assets	\$ 56,169,950	\$ 6,613,627
Liabilities		
Current liabilities:		
Accounts payable	\$ 620,844	\$ 489
Deferred revenue	197,605	4,322
Accrued payroll and related items	359,205	2,600
Notes & bonds payable-current	549,000	166,000
Total current liabilities	1,726,654	173,411
Noncurrent liabilities:		
Note & bonds payable-long-term	6,534,000	994,814
Total noncurrent liabilities	6,534,000	994,814
Total Liabilities	8,260,654	1,168,225
Net Assets		
Invested in capital assets, net of related debt	35,431,519	-
Restricted assets	1,197,945	-
Unrestricted assets	11,279,832	5,445,402
Total Net Assets	47,909,296	5,445,402
Total Liabilities & Fund Equity	\$ 56,169,950	\$ 6,613,627

See accompanying notes.

Duchesne County
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total
Governmental Activities:					
General government	\$ 2,829,982	\$ 532,510	\$ 41,559	\$ 262,965	\$ (1,992,948)
Roads	1,439,741	49,807	1,991,990	1,278,473	1,880,529
Sheriff & court system	2,486,504	684,846	211,592	104,639	(1,485,427)
Fire & emergency management	504,890	23,750	6,140	-	(475,000)
Corrections	2,464,621	2,435,670	-	-	(28,951)
Health & sanitation	746,937	367,150	-	-	(379,787)
Culture & recreation	552,305	82,371	94,626	141,041	(234,267)
Community development	839,023	16,230	243,849	-	(578,944)
Interest and fees	192,356	-	-	-	(192,356)
Total Primary Government	12,056,359	4,192,334	2,589,756	1,787,118	(3,487,151)
Component Units:					
Fruitland Water	160,783	169,038	-	180,000	-
Special Service District No. 2	1,199,892	-	3,097,945	-	1,898,053
Total Component Units	\$ 1,360,675	\$ 169,038	\$ 3,097,945	\$ 180,000	2,086,308
General Revenues:					
Fees in lieu of taxes					1,290,239
Property taxes					4,242,883
Sales taxes					2,292,321
Earnings on investments					446,673
Total General Revenues					8,272,116
Change in Net Assets					4,784,965
Beginning Net Assets					43,124,331
Ending Net Assets					\$ 47,909,296
					\$ 5,445,402

See accompanying notes.
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Duchesne County
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2006

Total Fund Balances for Governmental Funds **\$ 12,141,567**

Total net assets reported for governmental activities in the statement of net assets is different because of the following:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Depreciable property, net of accumulated depreciation	14,968,685	
Land & infrastructure	<u>27,545,834</u>	42,514,519

Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements.	336,210
--	---------

Unamortized premium from transactions related to advance refunding bonds	-
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Long-term liabilities, including bonds payable, are due and payable in the current period and therefore are not reported in the funds	<u>(7,083,000)</u>
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Total Net Assets of Governmental Activities **\$ 47,909,296**

Duchesne County
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

December 31, 2006

Net Change in Fund Balances--Total Governmental Funds **\$ 717,939**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays for buildings & equipment	2,748,170	
Capital outlays for infrastructure	1,873,303	
Loss of book value on disposal of equipment	(394,414)	
Depreciation	<u>(1,233,947)</u>	
		2,993,112

Government funds do not report changes in delinquent taxes as revenue because these revenues are not available for current period expenses.	20,271
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Proceeds from long-term debt are not included in the statement of activities	-
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Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability.	<u>1,053,643</u>
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Change in Net Assets of Governmental Activities **\$ 4,784,965**

Duchess County
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	General	Special Revenue Funds				Capital Projects	Debt Service	Other Funds	Total
		Roads	Solid Waste	6000					
Assets									
Cash and cash equivalents	\$ 2,924,345	\$ 194,344	\$ 1,297,126	\$ 3,759,795	\$ 1,052,457	\$ 30,089	\$ 9,258,156		
Receivables, net of allowances:									
Taxes or customer	2,514,101	-	-	-	-	73,277	2,587,378		
Delinquent taxes	336,210	-	-	-	-	-	336,210		
Intergovernmental	477,100	438,719	-	-	-	294,738	1,210,557		
Prepaid expenses	126,719	-	-	-	-	-	126,719		
Investment in joint venture	-	-	136,411	-	-	-	136,411		
Total Assets	\$ 6,378,475	\$ 633,063	\$ 1,433,537	\$ 3,759,795	\$ 1,052,457	\$ 398,104	\$ 13,655,431		
Liabilities & Fund Balances									
Liabilities:									
Accounts payable	\$ 562,098	\$ -	\$ 58,449	\$ -	\$ -	297	620,844		
Accrued payroll and related items	337,242	-	-	-	-	21,963	359,205		
Deferred revenues	336,210	-	-	-	-	197,605	533,815		
Total Liabilities	1,235,550	-	58,449	-	-	219,865	1,513,864		
Fund Balances:									
Designated balance	-	-	636,411	3,373,152	1,052,457	-	5,062,020		
Reserved balance	-	633,063	-	386,643	-	178,239	1,197,945		
Unreserved	5,142,925	-	738,677	-	-	-	5,881,602		
Total Fund Equity	5,142,925	633,063	1,375,088	3,759,795	1,052,457	178,239	12,141,567		
Total Liabilities & Fund Balances	\$ 6,378,475	\$ 633,063	\$ 1,433,537	\$ 3,759,795	\$ 1,052,457	\$ 398,104	\$ 13,655,431		

See accompanying notes.
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Duchesne County

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

	General	Special Revenue Funds			Capital Projects	Debt Service	Other Funds	Total
		Roads	Solid Waste					
Revenues:								
Taxes	\$ 7,637,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,738	\$ 7,805,170
Licenses and permits	215,542	-	-	-	-	-	-	215,542
Intergovernmental	259,340	1,991,990	-	-	11,250	-	1,011,704	3,274,284
Charges for services, fees	3,311,864	-	370,550	-	-	-	7,212	3,689,626
Miscellaneous	51,106	1,278,473	-	483,740	21,731	-	17,345	1,852,395
Earnings on investments	56,853	25,877	66,258	212,255	74,572	-	10,858	446,673
Total Revenue	11,532,137	3,296,340	436,808	695,995	107,553	-	1,214,857	17,283,690
Expenditures:								
General government	2,651,402	-	-	-	-	-	-	2,651,402
Public safety	4,637,904	-	-	-	-	-	161,851	4,799,755
Public health	260,439	-	425,533	-	-	-	-	685,972
Highways & public improvements	441,332	824,754	-	-	-	-	-	1,266,086
Culture and recreation	208,465	-	-	-	-	-	253,073	461,538
Community & economic development	589,677	-	-	-	-	-	243,849	833,526
Capital outlay	13,608	2,781,918	-	938,976	-	-	886,971	4,621,473
Debt Service:								
Principal	-	-	-	552,643	501,000	-	-	1,053,643
Interest & fees	-	-	-	27,949	164,407	-	-	192,356
Total Expenditures	8,802,827	3,606,672	425,533	1,519,568	665,407	-	1,545,744	16,565,751
Excess (deficiency) of revenue over expenditures	2,729,310	(310,332)	11,275	(823,573)	(557,854)	-	(330,887)	717,939
Other Sources & Uses:								
Loan proceeds	-	-	-	-	-	-	-	-
Operating transfer in	-	-	-	484,500	747,150	-	372,893	1,604,543
Operating transfer (out)	(1,231,650)	-	-	(372,893)	-	-	-	(1,604,543)
Excess (deficiency) of revenue over expenditures after other sources & uses	1,497,660	(310,332)	11,275	(711,966)	189,296	-	42,006	717,939
Fund balance, January 1	3,645,265	943,395	1,363,813	4,471,761	863,161	-	136,233	11,423,628
Fund balance, December 31	\$ 5,142,925	\$ 633,063	\$ 1,375,088	\$ 3,759,795	\$ 1,052,457	\$ -	\$ 178,239	\$ 12,141,567

See accompanying notes.

Duchesne County
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ 6,085,000	\$ 6,485,000	\$ 7,637,432	\$ 1,152,432
Licenses and permits	160,000	160,000	215,542	55,542
Intergovernmental	256,625	256,625	259,340	2,715
Charges for services, fees	3,302,100	3,302,100	3,311,864	9,764
Miscellaneous	339,635	339,635	51,106	(288,529)
Earnings on investments	10,000	10,000	56,853	46,853
Total Revenue	10,153,360	10,553,360	11,532,137	978,777
Expenditures:				
General government	2,804,231	3,194,231	2,651,402	542,829
Public safety	4,859,227	4,859,227	4,637,904	221,323
Public health	260,475	260,475	260,439	36
Highways & public improvements	471,920	471,920	441,332	30,588
Culture and recreation	225,492	225,492	208,465	17,027
Community & economic development	596,330	606,330	589,677	16,653
Capital outlay	34,535	34,535	13,608	20,927
Debt Service:				
Principal	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	9,252,210	9,652,210	8,802,827	849,383
Excess (deficiency) of revenue over expenditures	901,150	901,150	2,729,310	1,828,160
Other Sources & Uses:				
Operating transfer in	-	-	-	-
Operating transfer (out)	(901,150)	(901,150)	(1,231,650)	(330,500)
Excess (deficiency) of revenue over expenditures	-	-	1,497,660	1,497,660
Fund balance, January 1	3,645,265	3,645,265	3,645,265	-
Fund balance, December 31	\$ 3,645,265	\$ 3,645,265	\$ 5,142,925	\$ 1,497,660

See accompanying notes.

Duchesne County
BUDGETARY COMPARISON SCHEDULE
ROAD FUND (SPECIAL REVENUE)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,800,000	1,800,000	1,991,990	191,990
Charges for services, fees	-	-	-	-
Miscellaneous	1,839,003	1,839,003	1,278,473	(560,530)
Earnings on investments	30,000	30,000	25,877	(4,123)
Total Revenue	3,669,003	3,669,003	3,296,340	(372,663)
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Highways & public improvements	3,317,160	3,317,160	824,754	2,492,406
Culture and recreation	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay	351,843	351,843	2,781,918	(2,430,075)
Debt Service:				
Principal	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	3,669,003	3,669,003	3,606,672	62,331
Excess (deficiency) of revenue over expenditures	-	-	(310,332)	(310,332)
Other Sources & Uses:				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	(310,332)	(310,332)
Fund balance, January 1	943,395	943,395	943,395	-
Fund balance, December 31	\$ 943,395	\$ 943,395	\$ 633,063	\$ (310,332)

Duchesne County
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE FUND (SPECIAL REVENUE)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services, fees	395,500	495,500	370,550	(124,950)
Miscellaneous	-	-	-	-
Earnings on investments	30,000	30,000	66,258	36,258
Total Revenue	425,500	525,500	436,808	(88,692)
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Public health	425,500	525,500	425,533	99,967
Highways & public improvements	-	-	-	-
Culture and recreation	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	425,500	525,500	425,533	99,967
Excess (deficiency) of revenue over expenditures	-	-	11,275	11,275
Other Sources & Uses:				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	11,275	11,275
Fund balance, January 1	1,363,813	1,363,813	1,363,813	-
Fund balance, December 31	\$ 1,363,813	\$ 1,363,813	\$ 1,375,088	\$ 11,275

Duchesne County
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006

	Private-Purpose Trusts	Agency
Assets		
Cash and cash equivalents	\$ 103,249	\$ 7,293,053
Total Assets	<u>\$ 103,249</u>	<u>\$ 7,293,053</u>
Liabilities & Net Assets		
Liabilities:		
Accounts payable	\$ -	\$ -
Payable to other government units	-	7,293,053
Total Liabilities	-	7,293,053
Net Assets:		
Held in trust for private purposes	103,249	-
Total Net Assets	<u>103,249</u>	<u>-</u>
Total Liabilities & Net Assets	<u>\$ 103,249</u>	<u>\$ 7,293,053</u>

Dr Larson money

Duchesne County
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2006

Interest on Dr. Larson \$

	Private-Purpose Trusts
Additions	
Interest	\$ 5,156
Contributions	-
Total Additions	5,156
Deductions	
Distributions of benefits	-
Other	-
Total Deductions	-
Change in Net Assets	5,156
Beginning Net Assets	98,093
Ending Net Assets	\$ 103,249

See accompanying notes.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 Summary of Significant Accounting Policies

Reporting Entity—Duchesne County (the County) is incorporated under the laws of the State of Utah as provided by both constitution and statute. The County operates under a Commissioner form of government, the commission being composed of three elected members serving as part time legislators and administrators. The government provides the following services as authorized by its charter; public safety, public health, streets and highways, sanitation, social service, culture recreation, education, public improvements, planning and zoning, and general administrative service.

The accounting policies of the Duchesne County conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the County has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include (1) appointing a voting majority of an organization's governing body, (2) the ability of the County to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Duchesne County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. The component units had separately issued financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices. The following component units are included:

Duchesne County Special Service District #2 - A special district organized by Duchesne County which provides financing for county roads. This is included in the financial statements in the component unit column.

Fruitland Special Service District - A special district organized by Duchesne County which provides water services to the Fruitland area in the County. This district is found in the proprietary fund column.

The County is affiliated with other component units but have not included these units in their financial statements because their operational and financial relationship with the County is less significant. The impact these units may have on the County's financial statements will be evaluated periodically. The units are the following:

- ▶ Pinon Forest Special Service District
- ▶ Cedarview-Montwell Special Service District.

Disclosures of the component units follow those of the primary government in these notes to the financial statements. The accounting policies of Duchesne County conform to generally accepted accounting principles as applicable to governments.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Related Entities—The County is related to three other entities that are not considered component units.

Duchesne/Wasatch Special Service District (commonly known as the Bluebench Landfill) is a special district created in 1998 for the Counties of Duchesne and Wasatch for the purpose of operating a solid waste landfill. The District's revenues are received through tippage fees charged to each County based on tonnage delivered to the landfill. Duchesne County accounts for its tippage expenses in a solid waste special revenue fund. The County Commissioners from both Counties comprise the Landfill's Board of Directors (neither County has a majority vote). The County reports its share of the investment in the Bluebench Landfill.

Uintah Basin Medical Center is a nonprofit hospital within Duchesne County. The Medical County was created Duchesne County as a Utah nonprofit corporation. The Medical County received nonprofit 501c3 status from the internal revenue service. The County holds the ownership interest in the nonprofit. Although the County Commissioners appoint the Medical County's board members, the County is unable to impose its will or be financially burdened by the Medical County. The Commissioners do hold the right to dissolve or sell the Medical County.

Duchesne County Mosquito Abatement District operates mosquito control within the County. The County appoints one board member to the District and is unable to exert any control.

Government-Wide and Fund Financial Statements—The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *road fund* is a special revenue fund used to account for the expenditures of B & C road fund revenue received from the State of Utah.

The *solid waste fund* is a special revenue fund used to account for the County's expenditures to the landfill.

The *capital projects fund* is the government's fund to account for capital projects.

The *debt service fund* is the County's fund to receive transfers from other funds for debt service.

Additionally, the government reports the following fiduciary funds:

The *private-purpose trust fund* is used to account for funds donated locally to provide benefits unrelated to the County's operations.

The *agency fund* is used to track the liabilities associated with collecting money that does not belong to the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Deposits and Investments—The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables—All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property Taxes—The property tax revenue of the County is collected and distributed by Duchesne County. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. The tax assessments are considered past due January 15 after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Utah State legislation requires motor vehicles be subject to an age based fee that is due each time a vehicle is registered. The age based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each County from motor vehicle fees is distributed by the County to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The County recognizes motor vehicle fees as property tax revenue when collected by the County.

As of December 31, 2006, property taxes receivable by the County includes uncollected taxes assessed as of the January 1, 2006 or earlier. The County expects that all taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Inventories and Prepaid Items—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets—At times, the County may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted assets will be expended first when possible.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Infrastructure (roads and bridges) are not depreciated by the County. The County has adopted a modified approach to tracking the condition of infrastructure (please refer to related note disclosure). Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

Assets	Useful Life In Years
Buildings	40
Building improvements	5 to 15
Furniture & fixtures	15
Heavy equipment	10 to 18
Equipment	5
Vehicles	5 to 10
Office & computer equipment	3 to 10

Compensated Absences—The government's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave because the government does have a policy to pay certain amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments and issuance costs (whether or not withheld from the actual debt proceeds received) are reported as debt service expenditures.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications—Comparative total data for the prior year, if presented, have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Data—Budgets are presented on the modified accrual basis of accounting for all governmental funds of the County. The following procedures are used in establishing the budgetary data:

- ▶ During November and December of each year, the County Auditor/Clerk prepares the budget for County's funds. The Auditor/Clerk submits this budget to the County Commissioners.
- ▶ Copies of the budget are made available for public inspection for seven days prior to adoption.
- ▶ The Commissioners hold a public hearing on or before December 22 of each year to receive public comment on the budget. Notice of such meeting to be published in newspaper or posted 2 weeks prior to hearing. Commissioner approval follows shortly thereafter.
- ▶ By June 22, the proposed tax rate based on the established budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final rate is adopted by June 22. A copy of the budget is certified by the budget officer and filed with County Auditor within thirty days of adoption.
- ▶ The proposed or final tax rate must also be submitted to County Auditor by June 22. If the County sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing has been held. Until the hearing is held and a final budget and tax rate are adopted, the County may expend monies based on, 1) its tentative budget after adoption, or 2) its prior years' adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17 (copy due to County Auditor within thirty days of adoption). Budgeted property taxes are the basis for determining the property tax levy.
- ▶ Budget shall be in effect subject to later amendment and shall be available for public inspection.
- ▶ Board may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply.
- ▶ Board may increase the total budget in a fund after meeting notification and public hearing. The County did increase its budget near year-end.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 2 Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The County and component units follow the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Primary Government

Summary of Deposits & Investments

Reconciliation to the Balance Sheet			
Balance Sheet		Deposits & Investments	
Cash & cash equivalents	\$ 9,258,156	Checking & savings	\$ 20,261
		- Zions repurchase agreement	93,554
		- State of Utah Investment Pool (PTIF)	8,757,698
		- PTIF unexpended bond proceeds (restricted)	386,643
		- Petty cash	100
Totals	<u>\$ 9,258,156</u>		<u>\$ 9,258,156</u>

Deposits

Custodial Credit Risk-Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2006, County's cash balances were \$20,261 and bank balances were \$20,261. Of the bank balances, \$0 were uninsured.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

During the year ended December 31, 2006, the County used an overnight sweep agreement (uninsured and unregistered, with securities held by the bank in the County's name) to transact funds in a government money market portfolio that primarily invests in obligations of the United States Treasury, agencies or instrumentalities of the United States that meet allowable investments of the Utah Money Management Act. This sweep account's balances which are included in the totals above had carrying balance of \$93,554 and a bank balance of \$323,979.

As of December 31, 2006, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Repurchase agreement (sweep)	\$ 93,554	\$ 93,554	\$ -	\$ -	\$ -
Utah Investment Pool	9,144,341	9,144,341	-	-	-
Total	<u>\$ 9,237,895</u>	<u>\$ 9,237,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

Credit Risk- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At December 31, 2006, the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Repurchase agreement (sweep)	\$ 93,554	\$ -	\$ -	\$ -	\$ 93,554
Utah Investment Pool	9,144,341	-	-	-	9,144,341
Total	<u>\$ 9,237,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,237,895</u>

Custodial Credit Risk- Custodial credit risk is the risk that, in the event of a outside party failure, the County's investments may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2006, County's investment balances were \$9,237,895. Of the investment balance, \$9,237,895 was uninsured and \$9,237,895 uncollateralized.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Cash Related to Duchesne County Special Service District #2 (a component unit)

Reconciliation to the Balance Sheet			
Balance Sheet		Deposits & Investments	
Cash	\$ 2,792,197	Checking & savings	\$ 5,566
		- Utah Public Treasurer Pool	2,786,631
		- Cash	-
Totals	<u>\$ 2,792,197</u>		<u>\$ 2,792,197</u>

Deposits

The District's deposits consist of a checking account at Zions First National Bank with a carrying balance of \$5,566.

Custodial Credit Risk-Custodial credit risk is the risk that, in the event of a bank failure, the Association's deposits may not be returned to it. The Association does not have a formal deposit policy for custodial credit risk. As of December 31, 2006, \$0 of the Association's bank balance of \$5,566 was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Association and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Association to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Utah Public Investment Fund	2,786,631	2,786,631	-	-	-

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

Credit Risk—Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Investment Fund	2,786,631	-	-	-	2,786,631

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Cash Related to Fruitland Special Service District (a component unit)

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Reconciliation to the Balance Sheet

Balance Sheet		Deposits & Investments	
Cash	\$ 73,431	Checking & savings	\$ 73,431
Savings	444,542	Utah Public Treasurer Pool	444,542
Restricted cash	-	Cash	-
Totals	<u>\$ 517,973</u>		<u>\$ 517,973</u>

Deposits

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2006, \$0 of the District's bank balances of \$72,574 (carrying balance of \$73,431) was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

As of December 31, 2006, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Investment Fund	444,542	444,542	-	-	-

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At December 31, 2006, the District had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Investment Fund	444,542	-	-	-	444,542

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 3 Capital Assets

Changes in the capital assets of the County are as follows. Amounts listed are net of accumulated depreciation except for infrastructure which follows the modified approach and is not depreciated.

Assets	2005	Adjustment	Additions	Depreciation	Disposals	2006
Infrastructure	\$ 23,798,418	\$ -	\$ 1,873,303	\$ -	\$ -	\$ 25,671,721
Land	1,874,112	-	-	-	-	1,874,112
Buildings & improvements	16,315,777	-	799,675	-	-	17,115,452
Equipment	9,121,814	-	1,948,494	-	(1,113,622)	9,956,686
Sub-total	51,110,121	-	4,621,472	-	(1,113,622)	54,617,971
Accumulated depreciation	(11,588,712)	-	-	(1,233,947)	719,206	(12,103,453)
Net assets	<u>\$ 39,521,409</u>	<u>\$ -</u>	<u>\$ 4,621,472</u>	<u>\$ (1,233,947)</u>	<u>\$ (394,416)</u>	<u>\$ 42,514,518</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Function	Depreciation
General	\$ 167,948
Roads	293,589
Sheriff & courts	190,225
Fire	202,027
Corrections	290,525
Health & sanitation	37,769
Culture & recreation	46,888
Community development	4,977
Total	<u>\$ 1,233,947</u>

Capital Assets Related to Duchesne County Special Service District #2 (a component unit)

The District did not have any capital asset activity during the year.

Capital Assets Related to Fruitland Special Service District (a component unit)

Fixed Asset Activity	2005	Increase	Decrease	2006
Land (not depreciated)	\$ 2,000	\$ -	\$ -	\$ 2,000
Water system	3,231,055	-	-	3,231,055
Building & improvements	29,392	-	-	29,392
Equipment	5,860	40,438	-	46,298
Sub-total	3,268,307	40,438	-	3,308,745
Accumulated depreciation	(901,978)	(84,332)	-	(986,310)
Fixed assets net of depreciation	<u>\$ 2,366,329</u>	<u>\$ (43,894)</u>	<u>\$ -</u>	<u>\$ 2,322,435</u>

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 4 Long-term Debt

Long-term debt related to the primary government

The debts of the County are paid from the capital projects and debt service funds after transfers from the general fund. The County has conduit debt of \$4,404,000 which has not been included in the County's financial statements. These conduit debts are loans on behalf of other local entities. Contracts and bond documents place the obligation for payment with these other government entities. The County's long-term debt (excluding conduit debt) consists of the following obligations at December 31, 2006:

- Note A **1996 Lease Revenue Bond**--\$1,200,000 issued April 10, 1998, 0.00% interest, payments begin February 1, 2001 until maturity on February 1, 2025 at \$48,000 yearly. Bond is callable by County upon 30 days notice, first payment February 1, 2001.
- Note B **1996A G.O. Refunded Bond**--\$5,000,000 issued April 10, 1998, interest varies from 7.3% in 1999 to 5.0% in 2016, payments vary beginning January 1, 1999 until maturity on January 1, 2016. Bonds due on or after January 1, 2007 are callable by County on or after July 1, 2006 @ 100%. First interest payment July 1, 1998. Refunded October 21, 2004 except for a balance of \$250,000.
- Note C **1996B G.O. Bond**--\$2,000,000 issued April 10, 1998, 2.50% interest, payments vary beginning February 1, 2025. Bond is callable by County upon 30 days notice. First interest payment February 1, 2001.
- Note D **1997A Lease Revenue Bond**--\$206,250 issued April, 1998, 2.5% interest, payments begin April 1, 1999 averaging \$21,000 yearly.
- Note E **2001 Lease Revenue Bond**--\$1,100,000 issued August 9, 2001, 0.0% interest, payments begin March 1, 2003 averaging \$73,500 yearly through year 2024.
- Note F **2004 G.O. Refunding Bond**--\$3,495,000 issued October 21, 2004, interest varies from 3.00% to 4.15%, payments begin January 1, 2005 ranging from \$300,000 to \$405,000 yearly through year 2015.
- Note G **Fausett Note Payable**--\$1,800,000 issued July, 1992, interest 5.0%, settlement date April 4, 2006 for balance outstanding. Loan was taken off books for about 5 years due to apparent contract dissolution. Litigation between County and Fausett settled to reinstate loan at \$573,069.
- Note H **2005 Library G.O. Bond**--\$328,000 issued November, 2005, interest 0.00%, payments \$16-17,000 from July, 2007 through July, 2026.
- Note I **2005 Roosevelt Annex G.O. Bond**--\$371,000 issued October, 2005, interest 0.00%, payments \$19-18,000 from July, 2007 through July, 2026.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Debt	2005	Additions	Deletions	2006	Current Portion
A	\$ 960,000	\$ -	\$ (48,000)	\$ 912,000	\$ 48,000
B	-	-	-	-	-
C	1,576,000	-	(68,000)	1,508,000	70,000
D	68,000	-	(22,000)	46,000	23,000
E	881,000	-	(73,000)	808,000	73,000
F	3,400,000	-	(290,000)	3,110,000	300,000
G	552,643	-	(552,643)	-	-
H	328,000	-	-	328,000	16,000
I	371,000	-	-	371,000	19,000
Totals	<u>\$ 8,136,643</u>	<u>\$ -</u>	<u>\$ (1,053,643)</u>	<u>\$ 7,083,000</u>	<u>\$ 549,000</u>

Schedule of Payments	Principal	Interest	Total
2007	\$ 549,000	\$ 153,458	\$ 702,458
2008	555,000	142,133	697,133
2009	544,000	129,718	673,718
2010	561,000	117,183	678,183
2011	578,000	103,758	681,758
2012-2016	2,714,000	279,598	2,993,598
2017-2021	956,000	68,050	1,024,050
2022-2026	626,000	11,800	637,800
	<u>\$ 7,083,000</u>	<u>\$ 1,005,698</u>	<u>\$ 8,088,698</u>

Long-term debt related to the Duchesne County Special Service District

The District did not have any long-term debt or any debt activity during the year.

Long-term debt related to the Fruitland Special Service District

The Fruitland Special Service District has the following long-term obligations:

Note A **1989A Revenue Bond**--State of Utah Department of Water Resource Revenue Bond 1989A, payments of \$21,000, 0% interest for 25 years, matures year 2015, face amount of \$750,000.

Note B **1989BC Revenue Bonds**--State of Utah Department of Water Resource Revenue Bonds 1989B & C, payments average \$19,000, 0% interest for 25 years, matures year 2015, face amount of \$680,000.

Note C **1997A Revenue Bond**-- State of Utah Parity Water Revenue Bond 1997A, payments of \$4-6,000, 2.5% interest for 25 years, matures year 2023, face amount of \$120,000.

Note D **1997B Revenue Bond**-- State of Utah Parity Water Revenue Bond 1997B, payments of \$8-10,000 and later \$80,000, 0% interest for 20 years, matures year 2019, face amount of \$400,000.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Long-term Debt	2005	Increase	Decrease	2006	Current Portion
Loan A	\$ 443,000	\$ -	\$ (28,000)	\$ 415,000	\$ 74,000
Loan B	372,000	-	(25,000)	347,000	68,000
Loan C	84,662	-	(4,000)	80,662	4,000
Loan D	328,152	-	(10,000)	318,152	20,000
	<u>\$ 1,227,814</u>	<u>\$ -</u>	<u>\$ (67,000)</u>	<u>\$ 1,160,814</u>	<u>\$ 166,000</u>

Schedule of Payments	Principal	Interest	Total
2007	166,000	2,017	168,017
2008	85,000	1,917	86,917
2009	86,000	1,817	87,817
2010	86,000	1,692	87,692
2011	86,000	1,567	87,567
2012-2016	411,000	5,958	416,958
2017-2021	236,152	2,758	238,910
2022-2026	4,662	117	4,779
	<u>\$ 1,160,814</u>	<u>\$ 17,843</u>	<u>\$ 1,178,657</u>

NOTE 5 Employer Contributing to a Cost Sharing Multiple Employer Defined Benefit Pension Plan

Plan Description. The County contributes to the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security Coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Funding Policy. For January 2006 to June 2006, plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (6.00% is paid by the County for the employee) and the County is required to contribute 7.08% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage plan members are required to contribute 12.29% of their salary (5.13% is paid by the County for the employee) and the County is required to contribute 7.16% of their salary.

For July 2006 to December 2006 plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (6.00% is paid by the County for the employee) and the County is required to contribute 7.58% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage plan members are required to contribute 12.29% of their salary (5.13% is paid by the County for the employee) and the County is required to contribute 7.16% of their salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Contributions. The County contributions to the Local Governmental Contributory Retirement System for the years listed were as follows. The contributions were equal to the required contributions for each year.

	Salary Subject to Contribution	Year-ended December 31	Employee Paid Contributions	Employer Paid Contributions	Employer Contributions
Local Government:	\$ 2,469,581	2006	\$ -	\$ 148,176	\$ 181,514
	2,298,865	2005	-	137,932	162,760
	2,136,561	2004	-	128,194	135,782
Public Safety:	1,491,339	2006	106,780	76,506	143,192
	1,513,614	2005	106,468	79,555	118,425
	1,484,271	2004	89,803	92,615	90,558
457 Plan	n/a	2006	12,631	-	n/a
	n/a	2005	7,499	-	n/a
	n/a	2004	2,007	-	n/a
401(k)	n/a	2006	35,400	83,791	n/a
	n/a	2005	33,756	76,637	n/a
	n/a	2004	27,566	64,002	n/a

Duchesne County
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 6 Litigation

There are pending and continuing lawsuits in which the County is involved. County officials estimate that the potential liability not covered by insurance which might result from such litigation would not materially affect the financial position of the County.

NOTE 7 Restricted and Designated Net Assets

The County is required to restricted certain net assets to comply with Utah State regulations and contractual regulations. The County Commission has also designated certain funds for anticipated expenses; however, these designated amounts are not legally restricted. The following is a summary of these restricted and designated net assets.

Net Assets	Designated	Restricted
Solid waste department	\$ 636,411	\$ -
Capital projects	3,373,152	-
Debt service	1,052,457	-
Unexpended bond proceeds	-	386,643
B & C roads	-	633,063
Grants	-	178,239
Totals	<u>\$ 5,062,020</u>	<u>\$ 1,197,945</u>

NOTE 8 Interfund Transfers

Within the County's governmental fund structure, operating transfers are made between funds. Transfers between funds were used to fund current capital outlay, anticipated capital outlay, and debt service.

Duchesne County
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Library	Grants	Total
Assets			
Cash and cash equivalents	\$ 215,953	\$ (185,864)	\$ 30,089
Receivables, net of allowances:			
Taxes or customer	73,277	-	73,277
Delinquent taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	294,738	294,738
Prepaid expenses	-	-	-
Investment in joint venture	-	-	-
Total Assets	<u>\$ 289,230</u>	<u>\$ 108,874</u>	<u>\$ 398,104</u>
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 297	\$ 297
Accrued payroll and related items	21,963	-	21,963
Deferred revenue	-	197,605	197,605
Total Liabilities	<u>21,963</u>	<u>197,902</u>	<u>219,865</u>
Fund Balances:			
Designated balance	-	-	-
Reserved balance	267,267	(89,028)	178,239
Unreserved	-	-	-
Total Fund Equity	<u>267,267</u>	<u>(89,028)</u>	<u>178,239</u>
Total Liabilities & Fund Balances	<u>\$ 289,230</u>	<u>\$ 108,874</u>	<u>\$ 398,104</u>

Duchesne County
COMBINING STATEMENT OF REVEUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	Library	Grants	Total
Revenues:			
Taxes	\$ 167,738	\$ -	\$ 167,738
Licenses and permits	-	-	-
Intergovernmental	82,604	929,100	1,011,704
Charges for services, fees	7,212	-	7,212
Miscellaneous	12,022	5,323	17,345
Earnings on investments	10,858	-	10,858
Total Revenue	280,434	934,423	1,214,857
Expenditures:			
General government	-	-	-
Public safety	-	161,851	161,851
Public health	-	-	-
Highways & public improvements	-	-	-
Culture and recreation	253,073	-	253,073
Community & economic development	-	243,849	243,849
Capital outlay	5,433	881,538	886,971
Debt Service:			
Principal	-	-	-
Bond issuance costs	-	-	-
Interest & fees	-	-	-
Total Expenditures	258,506	1,287,238	1,545,744
Excess (deficiency) of revenue over expenditures	21,928	(352,815)	(330,887)
Other Sources & Uses:			
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Operating transfer in	-	372,893	372,893
Operating transfer (out)	-	-	-
Excess (deficiency) of revenue over expenditures after other sources & uses	21,928	20,078	42,006
Fund balance, January 1	245,339	(109,106)	136,233
Fund balance, December 31	<u>\$ 267,267</u>	<u>\$ (89,028)</u>	<u>\$ 178,239</u>

Duchesne County
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2006

	Fruitland Water	Special Service District No. 2	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 517,973	\$ 2,792,197	\$ 3,310,170
Receivables, net of allowances:			
Taxes or customer	17,494	-	17,494
Delinquent property taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	809,496	809,496
Prepaid expenses	432	-	432
Total current assets	535,898	3,601,693	4,137,591
Non current assets:			
Capital assets, net of accumulated depreciation	2,320,435	-	2,320,435
Land & infrastructure	155,601	-	155,601
Investment in joint venture	-	-	-
Total noncurrent assets	2,476,036	-	2,476,036
Total Assets	\$ 3,011,934	\$ 3,601,693	\$ 6,613,627
Liabilities			
Current liabilities:			
Accounts payable	\$ 489	\$ -	\$ 489
Deferred revenue	4,322	-	4,322
Accrued payroll and related items	2,600	-	2,600
Note & bonds payable-current	166,000	-	166,000
Total current liabilities	173,411	-	173,411
Noncurrent liabilities:			
Notes & bonds payable-long-term	994,814	-	994,814
Total noncurrent liabilities	994,814	-	994,814
Total Liabilities	1,168,225	-	1,168,225
Net Assets			
Invested in capital assets, net of related debt		-	-
Restricted assets		-	-
Unrestricted assets	1,843,709	3,601,693	5,445,402
Total Net Assets	1,843,709	3,601,693	5,445,402
Total Liabilities & Fund Equity	\$ 3,011,934	\$ 3,601,693	\$ 6,613,627

See accompanying notes.

Duchesne County
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS

For the Year Ended December 31, 2006

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Fruitland Water	Special Service District No. 2 Total
Fruitland Water						
Culinary water services	\$ 160,783	\$ 169,038	\$ -	\$ 180,000	\$ 188,255	\$ 188,255
Total Fruitland Water	160,783	169,038	-	180,000	188,255	
Special Service District No. 2						
Road maintenance & construction	1,199,892	-	3,097,945	-		\$ 1,898,053
Total Special Service District No. 2	1,199,892	-	3,097,945	-		1,898,053
Total Component Units	\$ 1,360,675	\$ 169,038	\$ 3,097,945	\$ 180,000		2,086,308
General Revenues:						
Fees in lieu of taxes					-	44,968
Property taxes					-	-
Sales taxes					-	-
Earnings on investments					18,313	89,838
Total General Revenues					18,313	134,806
Change in Net Assets					206,568	2,032,859
Beginning Net Assets					1,637,141	1,568,834
Ending Net Assets					\$ 1,843,709	\$ 3,601,693
						\$ 5,445,402

See accompanying notes.
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Required Supplementary Information

Duchesne County
SCHEDULE OF CONDITION ASSESSMENT FOR INFRASTRUCTURE
December 31, 2006

	Condition Assessment (5 is best)						Average
Type of Infrastructure:	1	2	3	4	5	Totals	Condition
Roads							
Paved road 24' wide, 30' wide with shoulders	23	40	116	97	123	398	
Actual Percentage	6%	10%	29%	24%	31%		3.64
Target Condition Percentage	10%	10%	30%	25%	25%		3.45
Gravel roads with no shoulders--18' to 24' wide	-	14	165	94	133	406	
Actual Percentage	0%	3%	41%	23%	33%		3.85
Target Condition Percentage	0%	5%	40%	25%	30%		3.80
Dirt roads with no shoulders--16' to 24' wide	120	126	66	-	-	311	
Actual Percentage	38%	40%	21%	0%	0%		1.83
Target Condition Percentage	40%	40%	20%	0%	0%		1.80
Bridges							
Bridges--lengths 20' to 75', widths 16' to 24'	-	-	14	9	26	49	
Actual Percentage	0%	0%	29%	18%	53%		4.25
Target Condition Percentage	0%	0%	30%	15%	55%		4.25
Bridges--lengths less than 20'	-	1	3	8	5	17	
Actual Percentage	0%	2%	18%	47%	29%		3.92
Target Condition Percentage	0%	5%	25%	45%	25%		3.90

Note: The County has adopted the current road condition as the targeted condition so as the roads do not worsen throughout. The County has the opportunity to adopt a new standard as necessary. The County has assessed the system in the year 2005. The County has agreed to assess road and bridge conditions at least one-third each year.

<u>Budget & Actual Road Expenditures</u>
2007 budget to maintain roads at current condition
2006 actual
2005 actual
2004 actual
2003 actual
2002 actual
2001 actual

<u>Government-wide Costs</u>
2,289,285
2,056,546
1,914,607
1,847,030
2,603,888
2,169,111
n/a

DUCHESNE COUNTY

Treasurer's Statement of Current Taxes Levied and Collected Including Treasurer's Relief For the year ending December 31, 2006

Taxing Unit	Local & State Real Property	Personal Property Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property Tax	Personal Property Tax	Total Tax	Unpaid Taxes	Abate-ments	Other	Total Relief	Taxes Collected	Percent Collected	Fees In-Lieu	Misc.	Tax	Interest/ Penalty	Total Collections
County General Assessing & Collecting:	1,076,289,982	35,070,158	0.002754	0.003128	2,964,103	109,699	3,073,802	120,540	38,252	(1,363)	157,429	2,916,373	94.88%	316,137	73,349	109,815	50,126	3,465,800
Local State	1,076,289,982	35,070,158	0.000300	0.000300	322,887	10,521	333,408	13,131	4,167	(1,578)	15,720	317,688	95.29%	34,438	7,392	9,650	767	369,935
County Library	1,076,289,982	35,070,158	0.000139	0.000173	149,604	6,067	155,671	6,084	1,931	462	8,477	147,195	94.55%	15,956	3,801	6,013	465	173,430
School District:	1,076,289,982	35,070,158	0.000134	0.000152	144,223	5,331	149,554	5,865	1,861	(73)	7,653	141,900	94.88%	15,382	3,533	5,334	421	166,570
Basic School Levy	1,076,289,982	35,070,158	0.006388	0.006458	6,875,340	226,483	7,101,823	279,596	88,728	(31,130)	337,194	6,764,630	95.25%	733,291	160,752	217,628	17,346	7,893,647
State School Levy	1,076,289,982	35,070,158	0.001515	0.001720	1,630,579	60,321	1,690,900	66,310	21,043	(776)	86,577	1,604,323	94.88%	173,910	40,011	59,851	4,695	1,882,790
Altamont City	5,873,940	452,770	0.001876	0.002548	11,020	1,154	12,174	335	660	310	1,305	10,868	89.28%	3,166	255	100	2,124	16,513
Duchesne City	32,001,700	3,092,608	0.002197	0.002693	70,308	8,328	78,636	4,928	4,064	1,098	10,090	68,546	87.17%	19,784	1,510	4,307	187	94,334
Myton City	5,595,405	272,538	0.002700	0.003056	15,108	833	15,941	1,809	656	20	2,485	13,456	84.41%	7,458	378	3,779	379	25,450
Roosevelt City	135,349,953	11,286,224	0.003581	0.004220	484,688	47,628	532,316	20,929	10,209	(13,206)	17,932	514,384	96.63%	118,683	12,908	24,339	1,540	671,854
Tabiona Town	3,328,355	104,025	0.001684	0.002023	5,605	210	5,815	494	341	64	899	4,916	84.54%	80	131	507	32	5,666
Hanna Water & Sewer	20,646,730	229,230	0.000551	0.000713	11,376	163	11,539	658	110	4	772	10,768	93.31%	757	957	641	37	13,160
Pinon Forest	43,896,015	42,710	0.000299	0.000337	13,125	14	13,139	1,353	288	(3)	1,638	11,502	87.54%	903	414	1,088	139	14,046
Mosquito Abatement	1,076,289,982	35,070,158	0.000239	0.000289	257,233	10,135	267,368	10,461	3,320	497	14,278	253,091	94.66%	27,435	6,502	10,443	822	298,293
Tabby Valley Parks & Rec.	42,520,835	380,909	0.000598	0.000847	25,427	323	25,750	1,803	345	(101)	2,047	23,704	92.05%	2,229	1,776	1,355	78	29,142
Cedarview/Montwell Water	77,221,880	62,440	0.000797	0.000000	61,546	-	61,546	4,236	656	(79)	4,813	56,733	92.18%	1,786	698	-	38	59,255
Central Utah Water	1,076,289,982	35,070,158	0.000357	0.000400	384,236	14,028	398,264	15,625	4,959	(368)	20,216	378,048	94.92%	40,981	9,218	13,029	1,010	442,286
East Duchesne Water	-	-	0.000000	0.000000	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
Johnson Water	-	-	0.000000	0.000000	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-
Upper Country Water	71,062,440	1,580,651	0.001093	0.001656	77,671	2,618	80,289	2,280	1,925	1,014	5,219	75,070	93.50%	14,332	1,996	2,834	2,834	97,066
Duchesne Co. Water Cons.	1,076,289,982	35,070,158	0.000299	0.000340	321,811	11,924	333,735	13,087	4,153	(134)	17,106	316,629	94.87%	34,323	7,894	11,935	941	371,722
Neola Park Improvement	88,972,305	406,570	0.000269	0.000291	23,934	118	24,052	546	297	4	847	23,205	96.48%	1,538	494	541	39	25,817
Totals					570,070	187,965	14,365,722	570,070	187,965	(45,338)	712,697	13,653,029		1,562,569	333,969	483,189	84,020	16,116,776

Note: Amounts based on a tax year of January 15, 2006 to January 15, 2007. Balances may vary from financial statements due to timing differences.
Balances do not include amounts received directly from State Tax Commission, for example, State fee-in-lieu taxes.

Duchesne County
SCHEDULE OF TRANSIENT ROOM TAX & TRCC TAX
For the year ending December 31, 2006

Unexpended transient room tax and restaurant tax, December 31, 2005	\$ 32,143
Revenues:	
Transient room tax revenues	74,425
Restaurant tax revenues	97,803
Expenditures:	
Tourism promotion expenditures	<u>(179,491)</u>
Unexpended transient room tax and restaurant tax, December 31, 2006	<u>\$ 24,880</u>



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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**Report on Compliance and on Internal Control over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable County Commissioners
Duchesne County
Duchesne, Utah 84021

We have audited the financial statements of Duchesne County as of and for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Duchesne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, and federal awarding agencies, and others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aycock, Miles & Associates, CPAs

June 25, 2007



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Independent Auditors' Report on State of Utah Legal Compliance

Honorable County Commissioners, Duchesne County
Duchesne County, Duchesne, Utah

We have audited the general purpose financial statements of Duchesne County, Utah, for the year ended December 31, 2006 and have issued our report thereon dated June 25, 2007. As part of our audit, we have audited Duchesne County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

B Road Funds

Liquor Law Enforcement Funds

CIB Fire Equipment Grant/Loan

The County received a nonmajor grant which is not required to be audited for specific compliance requirements; however, these programs, if any, were subject to testwork as part of the audit of Duchesne County's financial statements. The County received the following nonmajor assistance from the State of Utah:

Children's Justice Center

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the *State of Utah's Legal Compliance Audit Guide*, including:

Justice of Peace

Purchasing Requirements

Other Compliance Requirements

Public Debt

Budgetary Compliance Property Tax

Cash Management

The management of Duchesne County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether a material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for my opinion.

The results of our audit procedures disclosed no instances of noncompliance with the above requirements.

In our opinion, Duchesne County complied, in all material respects, with the general compliance requirements and major assistance requirements identified above for the year ended December 31, 2006.

Aycock, Miles & Associates, CPAs

June 25, 2007